

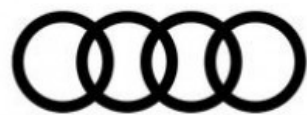
VW Diesel Scandal



[Map Link](#)



Volkswagen



SEAT



ŠKODA



BENTLEY



PORSCHE



Commercial
Vehicles



SCANIA



How was the VW scandal discovered?

The discovery

- In 2013, an NGO called The International Council on Clean Transportation (ICCT) discovered, during a research conducted in collaboration with the University of West Virginia in the United States, that some Diesel models produced by Volkswagen were running on nitrogen oxides (NOx) up to 35 times higher under real conditions of use, compared to the limits set by the US Environmental Protection Agency (EPA).
- <https://www.youtube.com/watch?v=k65Z-62hIr8> (14:10 min from 60 minutes)
- <https://youtu.be/CQ4irwe3ZDk> (2:30 min)
- <https://www.youtube.com/watch?v=Y5TvFY7xRDM&feature=youtu.be>
(initial timeline 3:47min)

The impact?

- A peer-reviewed study published in [Environmental Pollution](#) estimated that the fraudulent emissions would be associated with
- 45,000 [disability-adjusted life years](#) (DALYs) and a value of life lost of at least 39 billion US dollars
- Oldenkamp, Rik (2016). "Valuing the human health damage caused by the fraud of Volkswagen". *Environmental Pollution*. **212**: 121-127. doi:10.1016/j.envpol.2016.01.053. PMID 26840525

Key Facts

- September 2015 the US **EPA revealed how the VW Group had violated the Clean Air Act**. This led to investigations by **governments around the world**.
- The **UK is the second most seriously impacted country** in the world, topped only by **Germany with 2.4 million affected cars**.
- In 2017, the VW Group pleaded guilty to criminal charges in the US and the company paid **\$4.3bn in civil and criminal penalties**.
- The VW Group settled the class action case filed against the company in the US, paying more than **\$9.5 billion to cover compensation** to around 550,000 US claimants on top of the fines and penalties.
- In 2019 the VW Group settled a multi-million-dollar class-action case in Australia over the diesel emissions scandal and will pay out between **\$87m and \$127m** (4), in compensation.
- In Europe, the VW Group continued to **deny** (2) that the software it used was an illegal defeat device despite **German regulators having ruled in 2015** (1) that it was designed to cheat emissions tests and should be removed.
- Following a Preliminary Issues trial in the High Court in London in December 2019, existing UK claimants proved that the VW Group fitted 1.2 million vehicles with **defeat devices and cheated emissions testing** (3), resolving one of the major issues of the case in favor of claimants. The VW Group's attempts to **appeal** the outcome failed.
- 2021-Four former executives stand trial in a court in Braunschweig

• (1) See paragraphs 8, 268 and 270; (2) See paragraph 151; (3) See paragraph 268; (4) See paragraphs 24 a) and b)

• See <https://youtu.be/Y56lgGloIVl> for more recent news

Volkswagen AG Preference Shares

ETR: VOW3

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149.12 EUR **+0.100 (0.067%)** ↑

15 May, 5:35 pm GMT+2 · Disclaimer

1 day

5 days

1 month

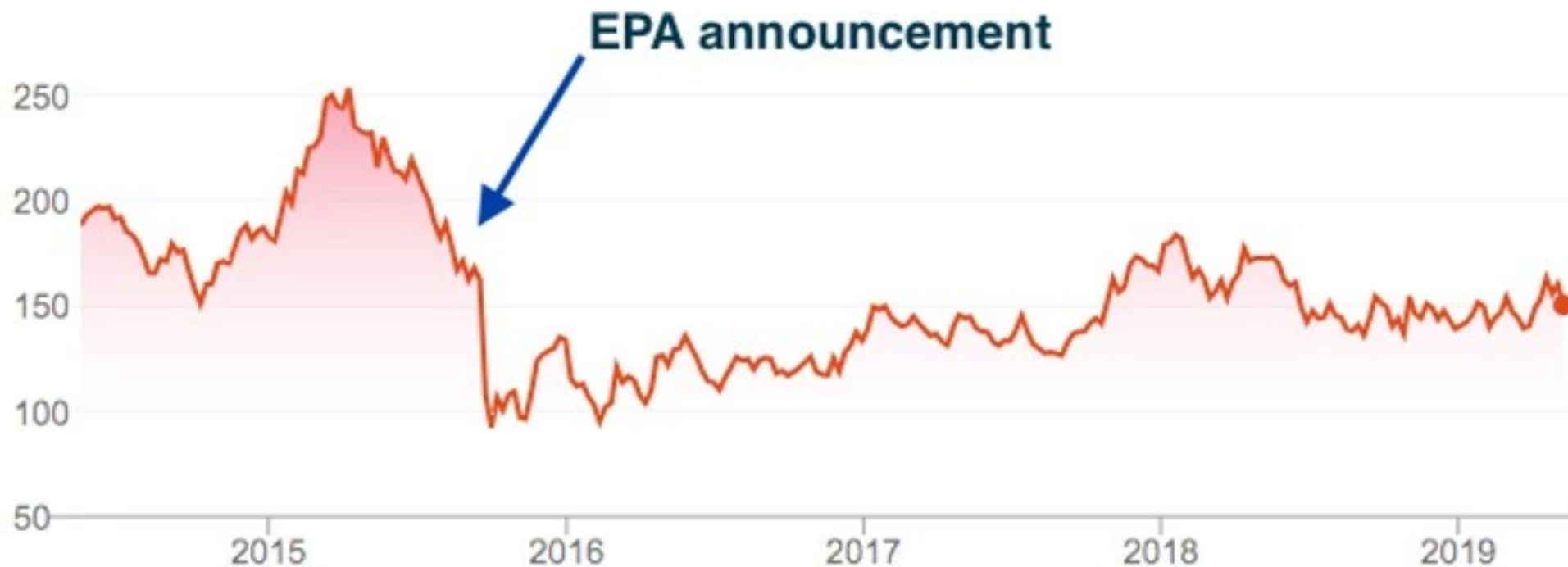
6 months

YTD

1 year

5 years

Max



What were some of the
Volkswagen's first
responses to the scandal?

The “Dieselgate” scandal has cost the Wolfsburg-based company at least 30 billion euros. During the fallout, the group twice replaced its CEO.



Former CEO Martin Winterkorn fronts the media

What should the company do now and in the future to avoid a similar scandal?

What are some options for VW for a radical overhaul?

<https://youtu.be/Y56lgGloIVl>

How do we move towards an industry of mobility devices?



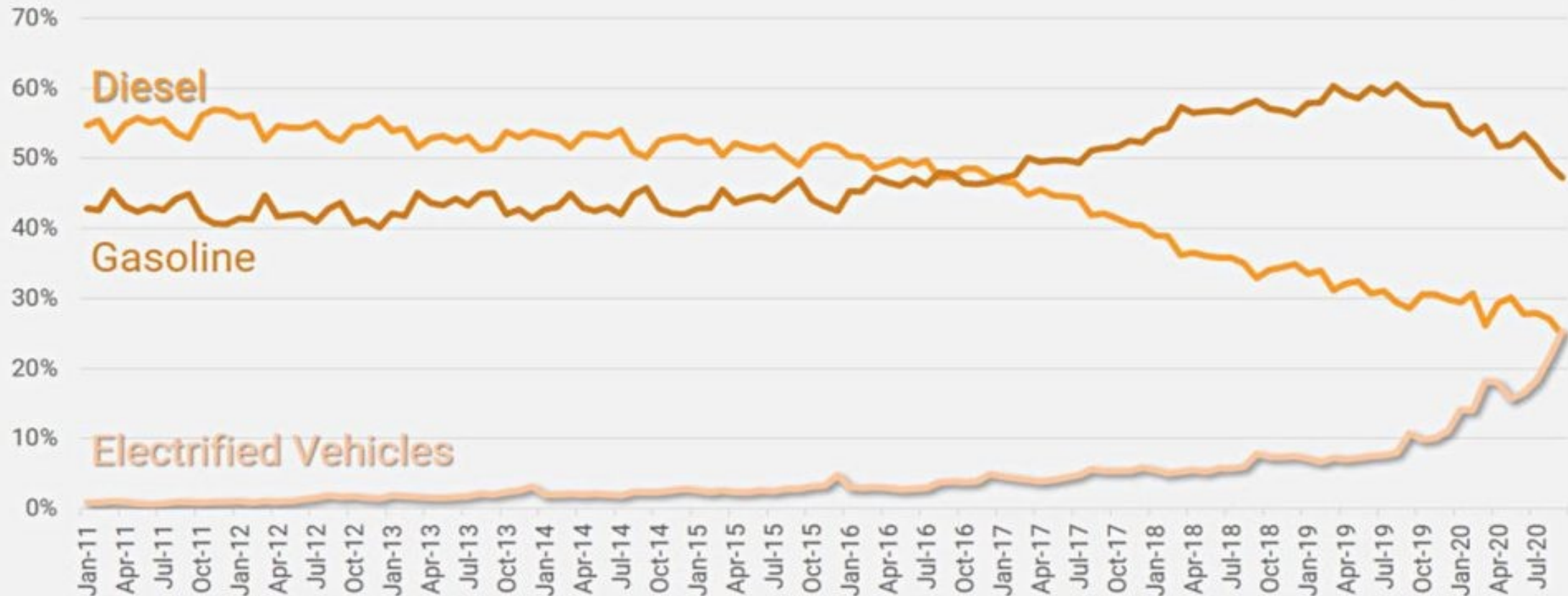
Herbert Diess
CEO of VW
Since 2018

<https://www.inc.com/justin-bariso/microsofts-ceo-just-taught-a-master-class-in-leadership-here-are-4-takeaways.html>

VW Turnaround

- Since April 2018 VW has been headed by Herbert Diess, a former [BMW](#) manager, who initiated a radical shift towards battery-electric mobility.
- Deliveries of W's first fully electric car aimed at the mass market will start in 2020, and initial sales will provide a first hint of whether the company's massive bet on battery-electric mobility will pay off.

Monthly Car registrations by fuel type As % of total. 2011 - 2020 Europe-27



Electric transition

- From 2015 the EU Commission quietly charted a new course for its auto industry: tests and regulations were tightened, the battery alliance launched and, most importantly, new CO2 standards were introduced - requiring sales of 15-20% electric vehicles in 2025
- Barnes & Nobles, Nokia, Blackberry, Kodak and all those other fallen giants were overtaken by startups... Will this happen to the automotive industry?
- In 2020 the largest European charging network is owned by a Californian start up...

In the darkness, we found the light.





- In contrast to BMW and Daimler's Mercedes-Benz, the Volkswagen brand focused exclusively on what it described as "largest electric offensive of the automobile industry," without mentioning any conventional cars at all.
- Musk vs Diess:
 - Is it surprising that Musk's praises Volkswagen's new entry-level electric vehicle? Some argue that VW is falling right in line with Musk's own plan and stated goals...
 - In 2014 that Musk announced, [in a blog post](#), that Tesla would, "in the spirit of the open-source movement ... not initiate patent lawsuits against anyone who, in good faith, wants to use our technology."
 - **"Our true competition is not the small trickle of non-Tesla electric cars being produced, but rather the enormous flood of gasoline cars pouring out of the world's factories every day,"** wrote Musk.

<https://www.inc.com/justin-bariso/elon-musk-had-a-private-meeting-with-volkswagens-ceo-its-a-brilliant-lesson-in-emotional-intelligence.html>

- Diess vs Nadella

<https://www.inc.com/justin-bariso/microsofts-ceo-just-taught-a-master-class-in-leadership-here-are-4-takeaways.html>

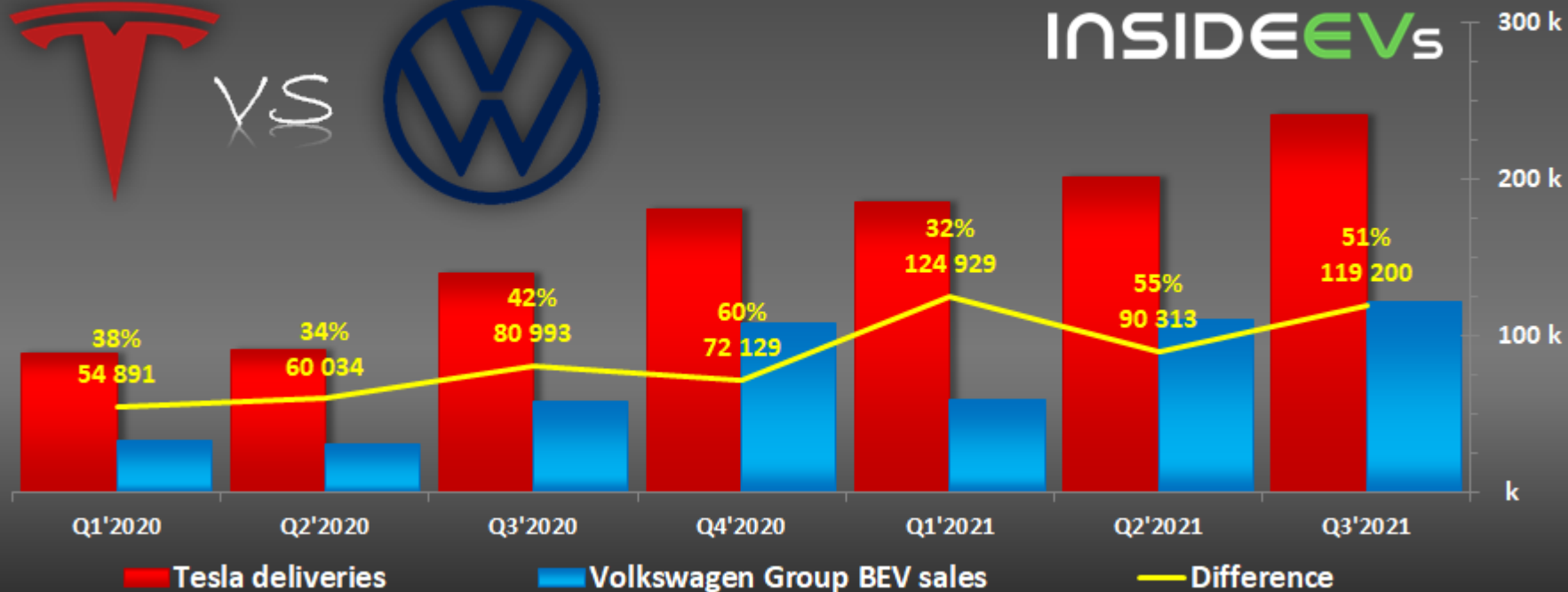
Tesla Deliveries vs Volkswagen Group BEV Sales



VS



INSIDE EVs



VW the only one?

- The use of defeat devices is generally prohibited, exceptions exist in cases where it is necessary to protect the engine against damage and to ensure safe vehicle operation (EC, 2007). These exceptions leave room for interpretation and provide scope, together with the currently applied test procedure, for tailoring the emissions performance [...]